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Ranking Member, House Subcommittee Committee on Contracting and the Workforce  
Opening Statement  
Joint Hearing on the SBIR/STTR Programs  
*May 4, 2017*

The Small Business Innovation Research Program—or SBIR—and the Small Business Technology Transfer Program—or STTR—were established to spur innovation and job creation throughout the country. Since their inception, these programs have awarded over \$40 billion dollars to small innovative firms. Today, SBIR is one of the federal government’s largest technology development programs.

Research conducted by SBIR and STTR awardees has helped address our country’s most important research and development challenges. As a direct result of these programs, breakthroughs have been made in a wide range of sectors—in agriculture, in energy, and most notably in health care. These discoveries, in turn, have generated tremendous economic growth and employment opportunities.

For example, in Fiscal Year 2013, my home state of Florida received 107 SBIR awards totaling \$49 million dollars, the 10<sup>th</sup>-most among all participating states and territories. Florida also received 24 STTR awards totaling nearly \$9 million dollars, which placed it sixth among participating jurisdictions. As reported publicly, there have been at least 40 awards made to firms

in central Florida in 2016 and to date in 2017. For many research companies in my district, these two programs serve as a gateway to the federal contracting field.

The continued success of the SBIR and STTR programs depends upon three primary factors. First, the program must remain highly competitive. Second, applicants and awardees must have access to financing of all types, including venture capital. And third, we must ensure these products make it to the market.

The current administrative fee authorization for these programs will expire in September 2017, but the full program was granted a five-year extension in the 2017 National Defense Authorization Act. While the Committee has seen these programs succeed as a result of legislative updates made in 2011, there are still various areas of concern that require examination.

One of the primary outcomes of the 2011 legislation was a greater focus on commercialization through sequential Phase II awards. This was necessary to ensure that the program remains a catalyst for innovation and job creation associated with these scientific advances. During today's hearing, I look forward to learning more about how the reauthorization's various commercialization initiatives have played out in Florida and nationwide, and if they are in fact resulting in more successful endeavors.

Among other notable changes in 2011 were increases in permissible award sizes and a "Phase Zero Proof of Concept Partnership Pilot Program" at NIH. I hope today's hearing sheds light on the

success of the provisions. I am particularly interested in the pilot program, given the presence of the University of Central Florida in my district.

While the 2011 reauthorization made several modifications to further assist small firms, the needs of innovative companies have evolved and so too must the programs. Two issues continue to raise concerns. First, the programs remain concentrated in just a few states. Indeed, the top 10 awardee states receive over half of the number of awards and half of the dollars, specifically 52 percent of awards for SBIR and 62 percent of awards for STTR in Fiscal Year 2013.

Second, the participation of women-owned and minority-owned firms in these programs has been declining. According to SBA's SBIR Annual Report for Fiscal Year 2013, 15 percent of total award dollars went to women-owned small businesses, 6 percent to socially or economically disadvantaged-owned small businesses, and 4 percent to HUBZone-certified small businesses.

I look forward to a frank discussion about the 2011 changes and the opportunity for additional program improvements. It is clear that the SBIR and STTR programs have promoted our shared goal of fostering innovation, but we must continue to provide vigilant oversight of these programs to ensure their maximum effectiveness.

I thank the witnesses for being here today—and express my gratitude to the Chairman for calling this joint hearing with our colleagues from the Science Committee.

Thank you and I yield back.